



**DEPARTMENT OF VETERANS AFFAIRS**  
Regional Office  
1240 East Ninth Street  
Cleveland OH 44199

November 1, 2001

**In Reply Refer To: 325/261**  
Information Letter 26-01-24

**TO: All VA Lenders Doing Business in Delaware, Indiana, Michigan, New Jersey, Ohio and Pennsylvania**

**SUBJ: Military Activation/Deployment and Impact on Loan Originations**

**1. Loan Applicants Activated for Military Duty.** The recent activation of members of the Reserves and National Guard, and the deployment of both Reserve members and active duty personnel, have generated questions on the issues of powers of attorney, income, and occupancy for loans in process. This release is intended to:

(a) remind lenders of the requirements for loans closed by power of attorney due to the absence of the veteran-applicant,

(b) Require that lenders ensure that veterans are not subject to activation to military duty before approving and/or closing a loan based upon the veteran's income from civilian employment, and

(c) Clarify occupancy requirements with respect to deployed active duty service members.

**2. Powers of Attorney.** Activation and/or deployment of United States Armed Forces to distant locations may cause some loans to be ready to close with the service person not available to sign the documents. In such instances, loans may be closed with the use of a power of attorney. A general power of attorney, in lieu of one specifically referencing the use of VA entitlement, may be used if the service person has signed the purchase contract and the loan application indicating an intent to obtain a VA loan.

**3. Applicant Alive and Not Missing.** For loans being closed under a power of attorney, lenders must continue to obtain verification that the service person was alive and not in a missing in action status on the date of loan closing. This applies to service persons who are temporarily deployed in the same way as service persons who are permanently stationed overseas.

**4. Statement from Military Unit.** A statement from the casualty assistance office at the military facility from which the service member is deployed which confirms that the service person is not listed on a casualty or missing in action list will satisfy this

requirement. (See Lenders Handbook, VA Pamphlet 26-7, Chapter 9, found on the Web at [www.homeloans.va.gov](http://www.homeloans.va.gov)) Lenders should establish liaison with military installations in order to facilitate obtaining verification that a service person is alive and not missing in action.

**5. Occupancy.** Service members, married or single, while deployed from their permanent duty station, are considered to be in a temporary duty status and able to provide a valid intent to occupy certification without regard to whether or not a spouse will be available to occupy prior to the veteran's return from deployment.

**6. Income Verification.** When activated with the Reserves, veterans whose loans are in process or ready to close may be subject to a sharp reduction in income. It is important to recognize that activated reservists whose incomes are reduced may be unable to qualify for the loan they are seeking. Therefore, except in cases where the veteran is currently serving on active duty and qualifying income is derived from such service, lenders must determine if a veteran is a member of the Reserves or a National Guard unit. If so, the lender must ascertain if the veteran has been notified of mobilization of his/her unit.

**7. Notice to VA after Closing.** If a veteran is in a Reserve unit with actual orders for mobilization, the loan must be underwritten on the basis of the veteran's income on active duty. Effective seven (7) days after the date of this information letter, lenders must include a statement with each request for VA guaranty affirming that the lender has ascertained and considered the veteran's membership in the Reserves and possible mobilization.

**8. Distribution to Branches and Agents.** Please make sure that this information is received by your branch offices, agents, underwriters or associates involved with VA home loans. If you need more details or want to schedule VA training for your company or business organization, please contact a member of our Lender Management Team at 1-800-729-5772. If you prefer, you can send your inquiries by fax to (216) 522-3103, or email to **[vahomesite@vba.va.gov](mailto:vahomesite@vba.va.gov)**. Thank you for your participation in the VA benefits program of home loan guaranty.

9. Thank you for your continuing participation in our VA Loan Guaranty program.

/s/

JAMES L. BRUBAKER, JR.  
Loan Guaranty Officer